

SENATE BUDGET COMMITTEE
DEMOCRATIC CAUCUS
KENT CONRAD, RANKING MEMBER

FOR IMMEDIATE RELEASE
May 10, 2001

Contact: Stu Nagurka or Steve Posner
(202) 224-0642

**SENATOR CONRAD INTRODUCES BIPARTISAN LEGISLATION
TO REFORM, INSTEAD OF REPEAL, ESTATE TAX**
Bill Would Exempt Virtually All Family Farms and Small Businesses From Estate Tax

Washington, DC – Senate Budget Committee Ranking Member Kent Conrad (D-ND) today introduced a bipartisan bill to reform, instead of repeal, the estate tax. Conrad's bill, co-sponsored by Senator Thad Cochran (R-MS), would exempt virtually all family farms and small businesses from the estate tax.

Conrad unveiled the bill, the Estate Tax Reform Act of 2001, outside the U.S. Capitol at a rally held to oppose full repeal of the estate tax. "We should reform the estate tax, not repeal it," said Conrad. "This legislation will ensure that the few farmers and small business owners who are now worried about the estate tax will no longer have to worry. This legislation will exempt virtually all family farms and small business owners from the estate tax."

Conrad's bill would immediately raise the estate tax exemption to \$1 million for individuals, \$2 million for couples, and \$3 million for couples owning family farms and small businesses – exempting more than 40 percent of estates that would otherwise be subject to the tax in 2002. The legislation would continue to raise the estate tax exemption to \$2 million for individuals, \$4 million for couples, and \$8 million for couples owning family farms and small businesses by 2006.

When fully implemented, its effect would be to exempt more than two-thirds of the few estates that would be subject to the estate tax under current law. Fewer than two percent of estates pay any estate tax at all under current law, with the largest five percent of those – estates with assets exceeding \$5 million – paying nearly half the estate taxes.

"It would be a profound mistake to repeal the estate tax," said Conrad. "Full repeal would blow a huge hole in the budget just when the baby boom generation is about to retire, and when those resources will be badly needed. There is nothing compassionate or conservative about a massive tax cut give-away to the wealthiest at a time when we know that resources will be stretched thin."

- MORE -

- PAGE 2 -

“Unlike President Bush’s estate tax repeal proposal, which provides relief to the wealthiest estates first, and delays most of its relief until after 2009 to hide the true cost, my bill would provide immediate relief to the smallest estates first,” said Conrad. “It is simply incomprehensible why the President would propose to provide relief to the wealthiest estates first, while asking the smaller estates, which include the few farmers and small businesses who actually pay this tax, to wait for their relief. We can do better.”

- END -